

Docket No. OP-1309 (Policy on Payments System Risk)

Conference calls and meetings from July 9, 2008 through September 8, 2008

On July 9, 2008, representatives from the Federal Reserve Board, Federal Reserve Bank of Philadelphia, and Federal Reserve Bank of New York discussed with representatives from UBS desired enhancements to the Reserve Banks' systems and processes for collateral management and monitoring in support of the proposed rule on the Federal Reserve Policy on Payments System Risk (PSR) policy. UBS staff discussed enhancements in collateral pledging, withdrawal, monitoring, and reporting as well as possible changes to collateral eligibility. In addition, UBS representatives provided some perspective on how they manage their collateral with the Reserve Banks currently and how they might manage their collateral under the proposed rule.

On July 10, 2008, representatives from the Federal Reserve Board, Federal Reserve Bank of Philadelphia, and Federal Reserve Bank of New York discussed with representatives from Citibank desired enhancements to the Reserve Banks' systems and processes for collateral management and monitoring in support of the proposed rule on the PSR policy. Citibank staff discussed enhancements in collateral pledging, withdrawal, monitoring, and reporting as well as possible changes to collateral eligibility. In addition, Citibank representatives provided some perspective on how they might manage their collateral under the proposed rule.

On July 16, 2008, representatives from the Federal Reserve Board, Federal Reserve Bank of Philadelphia, and Federal Reserve Bank of New York discussed with representatives from State Street desired enhancements to the Reserve Banks' systems and processes for collateral management and monitoring in support of the proposed rule on the PSR policy. State Street staff discussed enhancements in collateral pledging, withdrawal, monitoring, and reporting as well as possible changes to collateral eligibility. In addition, State Street representatives provided some perspective on how they manage their collateral with the Reserve Banks currently and how they might manage their collateral under the proposed rule.

On July 16, 2008, representatives from the Federal Reserve Board, Federal Reserve Bank of Philadelphia, and Federal Reserve Bank of New York discussed with representatives from Deutsche Bank desired enhancements to the Reserve Banks' systems and processes for collateral management and monitoring in support of the proposed rule on the PSR policy. Deutsche Bank staff discussed enhancements in collateral pledging, withdrawal, monitoring, and reporting as well as possible changes to collateral eligibility. In addition, Deutsche Bank representatives provided some perspective on how they manage their collateral with the Reserve Banks currently and how they might manage their collateral under the proposed rule.

On July 18, 2008, representatives from the Federal Reserve Board, Federal Reserve Bank of Philadelphia, and Federal Reserve Bank of New York discussed with representatives from J.P Morgan Chase desired enhancements to the Reserve Banks' systems and processes for collateral management and monitoring in support of the proposed rule on

the PSR policy. J.P Morgan Chase staff discussed enhancements in collateral pledging, withdrawal, monitoring, and reporting. In addition, J.P Morgan Chase representatives provided some perspective on how they manage their collateral with the Reserve Banks currently and how they might manage their collateral under the proposed rule.

On July 30, 2008, a representative from the Federal Reserve Board met with representatives from the Bank of New York Mellon to discuss the bank's comment letter, which stated that eliminating daylight overdraft charges may have unintended effects on the government securities market. The bank indicated that the proposed policy could affect the incentive to initiate and subsequently unwind delivery-versus-payment repurchase agreements early in the day. The bank stated that if market practices shifted later, the amount and duration of daylight overdrafts could increase.

On August 7 and September 8, 2008, a representative from the Federal Reserve Board met with representatives from J.P Morgan Chase to discuss the bank's perspective on whether and to what extent eliminating daylight overdraft charges could affect early-in-the-day initiation and subsequent unwinding of delivery-versus-payment repurchase agreements. The bank indicated that it is difficult to predict possible changes in behavior. Changes in behavior could vary by dealer and by type of security underlying the repurchase agreement. The bank indicated that it will continue to monitor daylight overdrafts.